



Amy G. Rabinowitz
Counsel

March 25, 2004

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 03-126

Dear Secretary Cottrell:

I am enclosing the responses of Massachusetts Electric Company and Nantucket Electric Company to the Department's First Set of Information Requests.

Thank you very much for your time and attention to this matter.

Very truly yours,


Amy G. Rabinowitz

cc: Service List

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Massachusetts Electric Company
Nantucket Electric Company
Docket No. D.T.E. 03-126
Responses to Department's First Set of Information Requests

DTE 1-1

Request:

In the Company's 2002 reconciliation proceeding docketed as D.T.E. 02-79, the Company sought to recover costs related to the misclassification of customers as default service rather than standard offer service customers. Please provide the costs and revenues directly related to this misclassification that the Company booked in 2003, as well as the dollar amount the Company proposes to collect in 2004.

Response:

In its response to Information Request AG-1-6 in Docket No. D.T.E. 02-79, the Company provided the revenue adjustments related to the reclassification of residential customers from default service to standard offer service pursuant to the settlement terms of the class action lawsuit. The response grouped the adjustments into the period covered in the reconciliation in that docket (October 2001 through September 2002) and the period subsequent to the Company's filing in D.T.E. 02-79.

Attached to this response is a final summary of revenue adjustments related to the settlement in the class action lawsuit. The summary groups the adjustments into the two historic reconciliation periods over which they were made (October 2001 through September 2002 and October 2002 through September 2003). During 2003, the Company implemented a self-audit function to help identify residential customers on default service that may qualify for standard offer service. This self-audit is intended to help ensure that these customers are placed on the appropriate commodity service and is beyond the requirements of the class action settlement. Rather than rely solely on customers to inform the Company that they may be on the incorrect commodity service, as was done in the past, the Company has taken a proactive approach in identifying these customers on its own soon after they are placed on default service. A process of periodically ensuring that customers are being served on the right rate is part of the normal course of good business practice and is beyond the Company's obligations under the class action settlement. Therefore, the Company no longer tracks this activity, as it had only been monitoring activity as it related to the class action settlement.

The amount of net revenue included in the Company's reconciliations ending September 2003 that it proposed to recover during 2004 is approximately \$637,000.

Prepared by or under the supervision of: Theresa M. Burns

Massachusetts Electric Company
Nantucket Electric Company
Adjustment Amounts Relating to
Class Action Suit

	Mass. Electric		Nantucket		Total Company	
<u>October 2001 - September 2002 Reconciliation Period</u>						
Decrease to Default Service Revenue						
April 1, 2002	\$8,188,244.83	13,812	\$67,026.15	98	\$8,255,270.98	13,910
June 4, 2002	\$177,732.92		\$140.22		\$177,873.14	
September 24, 2002	<u>\$637,835.04</u>	<u>810</u>	<u>\$8,047.12</u>	<u>12</u>	<u>\$645,882.16</u>	<u>822</u>
	\$9,003,812.79	14,622	\$75,213.49	110	\$9,079,026.28	14,732
Increase to Standard Offer Revenue						
April 1, 2002	\$6,289,938.85	13,812	\$51,065.99	98	\$6,341,004.84	13,910
June 4, 2002	\$132,947.26		\$119.70		\$133,066.96	
September 24, 2002	<u>\$493,910.27</u>	<u>810</u>	<u>\$6,190.99</u>	<u>12</u>	<u>\$500,101.26</u>	<u>822</u>
	\$6,916,796.38	14,622	\$57,376.68	110	\$6,974,173.06	14,732
Net Difference						
April 1, 2002	(\$1,898,305.98)		(\$15,960.16)		(\$1,914,266.14)	
June 4, 2002	(\$44,785.66)		(\$20.52)		(\$44,806.18)	
September 24, 2002	<u>(\$143,924.77)</u>		<u>(\$1,856.13)</u>		<u>(\$145,780.90)</u>	
	(\$2,087,016.41)		(\$17,836.81)		(\$2,104,853.22)	
<u>October 2002 - September 2003 Reconciliation Period</u>						
Decrease to Default Service Revenue						
October 2002	\$782,781.42	931	\$8,417.52	8	\$791,198.94	939
November 2002	\$1,284,571.68	1,406	\$15,316.73	14	\$1,299,888.41	1,420
December 2002	\$240,877.79	273	\$1,192.94	1	\$242,070.73	274
January 2003	\$388,015.10	399	\$9,273.25	10	\$397,288.35	409
February 2003	<u>\$32,748.68</u>	<u>35</u>	<u>\$318.72</u>	<u>1</u>	<u>\$33,067.40</u>	<u>36</u>
	\$2,728,994.67	3,044	\$34,519.16	34	\$2,763,513.83	3,078
Increase to Standard Offer Revenue						
October 2002	\$603,392.96	931	\$6,602.07	8	\$609,995.03	939
November 2002	\$987,122.67	1,406	\$11,659.21	14	\$998,781.88	1,420
December 2002	\$184,949.62	273	\$929.46	1	\$185,879.08	274
January 2003	\$299,329.53	399	\$7,127.69	10	\$306,457.22	409
February 2003	<u>\$25,501.99</u>	<u>35</u>	<u>\$248.09</u>	<u>1</u>	<u>\$25,750.08</u>	<u>36</u>
	\$2,100,296.77	3,044	\$26,566.52	34	\$2,126,863.29	3,078
Net Difference						
October 2002	(\$179,388.46)		(\$1,815.45)		(\$181,203.91)	
November 2002	(\$297,449.01)		(\$3,657.52)		(\$301,106.53)	
December 2002	(\$55,928.17)		(\$263.48)		(\$56,191.65)	
January 2003	(\$88,685.57)		(\$2,145.56)		(\$90,831.13)	
February 2003	<u>(\$7,246.69)</u>		<u>(\$70.63)</u>		<u>(\$7,317.32)</u>	
	(\$628,697.90)		(\$7,952.64)		(\$636,650.54)	

Massachusetts Electric Company
Nantucket Electric Company
Docket No. D.T.E. 03-126
Responses to Department's First Set of Information Requests

DTE 1-2

Request:

Does the Company's instant filing include the full recovery of all remaining costs related to the misclassification of default service and standard offer service customers, or does the Company anticipate that there will be additional costs to be recovered in future years?

Response:

As stated in the response to Information Request DTE 1-2, the Company is no longer posting adjustments to customers' accounts specifically related to the class action settlement. However, as part of good business practice, and as a result of lessons learned through the class action settlement, the Company is taking a proactive approach to ensuring that residential customers are being served on the appropriate commodity service through the implementation of a self-audit process. The Company is performing more tasks to help ensure proper placement, both at the time default service is initiated and soon after default service has begun.

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